

RESOLUTION NO. 10-12

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$16,200,000 CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK REFUNDING REVENUE BONDS (PEPPERDINE UNIVERSITY) SERIES 2010 TO PROVIDE FINANCIAL ASSISTANCE FOR THE REFINANCING OF CERTAIN ECONOMIC DEVELOPMENT FACILITIES FOR THE BENEFIT OF PEPPERDINE UNIVERSITY, PROVIDING THE TERMS AND CONDITIONS OF THE SALE AND ISSUANCE OF SAID BONDS AND OTHER MATTERS RELATING THERETO, AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS HEREIN SPECIFIED

WHEREAS, the California Infrastructure and Economic Development Bank (the “Bank”) was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following) (the “Act”), for the purpose of promoting economic development; and

WHEREAS, the Bank is authorized to issue tax-exempt revenue bonds to provide financing for economic development facilities (as such term is defined in the Act) located in the State of California; and

WHEREAS, Pepperdine University, a nonprofit corporation, which is organized and existing under the laws of the State of California and an organization described in Section 501(c)(3) of the Code (the “Borrower”), has submitted an application to the Bank for assistance in refinancing certain capital expenditures as more particularly set forth in Exhibit A attached hereto (the “Project”) evidenced by certain outstanding obligations of the Borrower evidenced by certain California Educational Facilities Authority Revenue Bonds (Pepperdine University) Fixed Rate Revenue Bonds 1999 Series A (the “1999 Bonds”), an aggregate \$15,870,000 of which is currently outstanding, and paying certain costs incurred in connection with the issuance of bonds and related expenses; and

WHEREAS, the Borrower has represented that it uses and intends to continue to use the facilities of the Project as educational facilities, which operation is consistent with the definition of an economic development facility in the Act and that the Project is be consistent with any existing local or regional comprehensive plan; and

WHEREAS, for these purposes, the Borrower has requested the Bank to (a) authorize the issuance of tax-exempt obligations in an aggregate principal amount not to exceed \$16,200,000 entitled California Infrastructure and Economic Development Bank Refunding Revenue Bonds (Pepperdine University) Series 2010 (the “Bonds”), (b) provide for the sale of the Bonds, (c) provide for the loan of proceeds of the sale of the Bonds to the Borrower to refinance the costs of the Project, (d) provide for the payment of the principal of, premium, if any, and interest on the Bonds with revenues derived from the Borrower’s repayment of that loan, and (e) take and authorize certain other actions in connection with the foregoing; and

WHEREAS, the Borrower has represented that an initial rating on the Bonds of Aa3 from Moody's Investors Service is expected to be issued based upon the financial strength of the Borrower; and

WHEREAS, the Bank may not issue the Bonds to assist in refinancing the Project until the Board of Directors of the Bank makes certain determinations relating to the Project as required by the Act; and

WHEREAS, there is now on file with the Secretary of the Board ("Secretary") the following:

(a) a proposed form of a loan agreement to be entered into by and between the Bank and the Borrower providing for the loan of the proceeds of the Bonds to the Borrower;

(b) a proposed form of an indenture to be entered into between the Bank and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), providing for the authorization and issuance of the Bonds to be dated the date of delivery thereof;

(c) a proposed form of a bond purchase contract to be entered into by and among the Bank, the Treasurer of the State of California and Morgan Stanley & Co. Incorporated (the "Underwriter"), and approved by the Borrower, providing for the sale of the Bonds;

(d) a proposed form of official statement to be used by the Underwriter in connection with the sale of the Bonds; and

(e) a proposed form of a tax agreement between the Bank and the Borrower, concerning the exclusion of interest on the Bonds from gross income for federal income tax purposes.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank as follows:

Section 1. The above recitals are true and correct.

Section 2. Pursuant to Sections 63046 and 63047 of the Act, and based upon the representations of the Borrower, the Board of Directors of the Bank hereby finds and determines as follows:

a. The Project is located in the State of California.

b. The Borrower is capable of meeting its payment obligations under the loan agreement as approved by this resolution.

c. The Borrower is capable of meeting the other obligations incurred by the Borrower under the agreements approved by this resolution.

d. The payments to be made by the Borrower to the Bank under the loan agreement as approved by this resolution are adequate to pay the current expenses of the Bank in connection with the financing and to make all the payments on the Bonds.

e. The proposed financing or refinancing is appropriate for the Project.

f. The Project is consistent with any existing local or regional comprehensive plan.

Section 3. Based on the information provided and representations made by the Borrower, the Board hereby finds and determines that the refinancing of Project demonstrates clear evidence of a defined public benefit in that the Project will enable the Borrower to use the savings to provide financial aid to additional students and is in furtherance of the Borrower's degree-granting program of education beyond the high school level.

Section 4. The Bank authorizes and approves the loan of the proceeds of the Bonds to the Borrower in order to refinance costs of the Project, including as evidenced by the Series 1999 Bonds, pursuant to the terms and provisions of a loan agreement as approved by this resolution. The proposed form of loan agreement on file with the Secretary of the Board (the "Secretary") is hereby approved, and the Executive Director of the Bank (the "Executive Director"), the Chair of the Board, or the Chair's designee, each acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute, acknowledge and deliver a loan agreement to the Borrower in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof (as so approved, the "Loan Agreement"). The Secretary is authorized to attest to the execution of the Loan Agreement.

Section 5. The proposed form of indenture on file with the Secretary is hereby approved, and the Executive Director, the Chair of the Board, or the Chair's designee, each acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute, acknowledge and deliver an indenture to the Trustee in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof (as so approved, the "Indenture"). The Secretary is authorized to attest to the execution of the Indenture.

Section 6. The proposed form of bond purchase contract on file with the Secretary is hereby approved, and the Executive Director, the Chair of the Board, or the Chair's designee, each acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute and deliver to the Underwriter and the Treasurer a bond purchase contract in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. At the request of the Borrower, the Underwriter is appointed as the underwriter for the Bonds. The

Treasurer of the State of California, as agent for sale of the Bank's bonds, is hereby requested to sell the Bonds at negotiated sale, at such prices and at such initial interest rates as he may determine in accordance with the Indenture. Notwithstanding Section 63074(d) of the Act to the contrary, such sale may take place at any time within one hundred eighty (180) days of the adoption of this resolution or at such later date approved by the Executive Director which is not later than the date three hundred sixty (360) days of the adoption of this resolution.

Section 7. The proposed preliminary form of official statement on file with the Secretary is hereby acknowledged, and the Executive Director, the Chair of the Bank, or the Chair's designee, each acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute a certificate or certificates in a form or forms which, with the advice of the Bank's counsel, is or are acceptable to the officer or official executing the same, to the effect that the portions of the official statement in either its preliminary or final form under the captions "THE INFRASTRUCTURE BANK" and "NO LITIGATION – The Infrastructure Bank" are "deemed final" as of their respective dates and to deliver the official statement in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this resolution. The Underwriter is hereby authorized to distribute copies of an official statement in preliminary form to the prospective purchasers of the Bonds and an official statement in final form in connection with the sale of the Bonds.

Section 8. The proposed form of tax agreement on file with the Secretary is hereby approved and the Executive Director, the Chair of the Board or the Chair's designee, each acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute and deliver to the Borrower and counsel to the Bank a tax agreement in substantially said form, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. The Bank approves the issuance on a tax-exempt basis of not to exceed \$16,200,000 aggregate principal amount of the Bonds to refinance the Project in accordance with this resolution and the terms of and to be secured by the Indenture. Payment of the principal of, premium, if any, and the interest on, the Bonds shall be made solely from the revenues to be received by the Bank pursuant to the Loan Agreement and the Indenture, and said Bonds shall not be deemed to constitute a debt or liability of the State of California or the Bank except, as to the Bank to the limited extent provided in the Indenture. Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of the principal or purchase price of, or premium, if any, or interest on, the Bonds. The Bonds shall be dated the date of their issuance and shall be paid in lawful money of the United States at the time or times and place or places provided in the Indenture. The Bonds shall be in the form and the denominations as provided in the Indenture, mature on the date or dates provided in the Indenture which shall be not later than 20 years from the date of issuance thereof, be subject to redemption as provided in the Indenture, shall carry the registration privileges provided in the Indenture and shall bear interest at a fixed rate in accordance with the Indenture, which rate shall not to exceed the lesser of 6% per annum or the maximum rate of interest on the Bonds permitted by the laws of the State.

Section 10. The Executive Director, the Chair of the Board, or the Chair's designee, each acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute, by manual or facsimile signature, the Bonds in an aggregate principal amount not to exceed the amount authorized hereunder in accordance with the terms of this resolution and the Indenture and in the form set forth in the Indenture.

Section 11. The Bonds, when executed as provided in this resolution, shall be delivered to the Trustee for authentication by the Trustee pursuant to the Indenture. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York or its agent (the "Depository") on behalf of the purchasers thereof in accordance with written instructions executed on behalf of the Bank by the Executive Director, the Chair of the Board, or the Chair's designee, which instructions each signatory, acting singly, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Depository, on behalf of the purchasers thereof, upon payment of the purchase price therefor.

Section 12. The Executive Director, the Chair of the Board or the Chair's designee, each acting alone, is hereby authorized to execute and deliver any and all certificates and instruments, including without limitation letters of representations and certifications of authority, which they or counsel to the Bank may deem necessary or advisable to consummate the issuance, sale and delivery of the Bonds including as necessary to represent the Bank's reasonable expectations as to the tax-exempt status of the Bonds and otherwise to effectuate the purpose of this resolution.

Section 13. All actions heretofore taken by the officers and employees of the Bank with respect to the approval, issuance and sale of the Bonds are hereby approved, confirmed and ratified. The officers of the Bank and their authorized designees, deputies, agents and counsel are hereby authorized and directed, jointly and severally, to perform their duties and to execute and deliver any and all certificates which they, counsel to the Bank may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this resolution.

Section 14. This resolution shall take effect immediately upon its passage.

PASSED, APPROVED, AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on March 23, 2010 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Stanton C. Hazelroth, Executive Director

Attest:

Roma Cristia-Plant, Secretary of the Board

EXHIBIT A

PROJECT DESCRIPTION

The term “Project” means the design, acquisition, construction, improvement and equipping of (a) the Keck Science Center for Seaver College, an approximately 32,000 square foot building which contains approximately 3 classrooms, 20 labs, and 6 faculty offices, which is used entirely for academic purposes; (b) a Business and Communication building for Seaver College, an approximately 60,000 square foot academic complex which contains approximately 34 classrooms and 70 offices for communications and business faculty, which is used for academic purposes, as well as serving as the base of operations for the Borrower’s Public Safety department; and (c) a student recreation village, which includes tennis court grandstands, tennis facility locker rooms and coaching offices, as well as aerobics and weight lifting facilities.